



GENETEC TECHNOLOGY BERHAD

Company No.:199701030038 (445537-W)

(Incorporated in Malaysia)

Interim Report for the

Fourth Quarter Ended

31 March 2022

Contents

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	1
Condensed Consolidated Statement of Financial Position	2
Condensed Consolidated Statement of Changes in Equity	3
Condensed Consolidated Statement of Cash Flows	4
Notes to the Condensed Financial Statements	5 - 11

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31/03/2022 RM'000	Preceding Year Corresponding Quarter 31/03/2021 RM'000	Current Year To-date 31/03/2022 RM'000	Preceding Year Corresponding Period 31/03/2021 RM'000
Revenue		58,704	13,066	223,559	97,078
Cost of sales		(38,284)	(14,498)	(142,378)	(82,461)
Gross Profit/(Loss)		20,420	(1,432)	81,181	14,617
Interest income		10	10	36	46
Other operating income		1,972	2,030	8,778	5,952
Distribution expenses		(473)	(676)	(5,422)	(6,352)
Administrative expenses		(4,213)	(4,073)	(10,203)	(8,900)
Other operating expenses		(434)	(302)	(7,135)	(6,142)
Depreciation and amortisation		(913)	(740)	(3,273)	(2,694)
Profit/(Loss) from operations		16,369	(5,183)	63,962	(3,473)
Finance costs		(748)	(257)	(1,940)	(918)
Net gain/(loss) on financial assets and financial liabilities at fair value		(783)	(1,121)	272	(434)
Profit/(Loss) before taxation		14,838	(6,561)	62,294	(4,825)
Taxation	18	(818)	551	(4,158)	439
Profit/(Loss) for the financial period		14,020	(6,010)	58,136	(4,386)
Other comprehensive income/(expense)					
Foreign currency translation differences of foreign operations		(79)	(145)	(107)	298
Total comprehensive income/(expense) for the financial period		13,941	(6,155)	58,029	(4,088)
Profit/(Loss) attributable to:					
Equity holders of the parent		13,627	(5,685)	56,400	(4,245)
Non-controlling interest		393	(325)	1,736	(141)
Profit/(Loss) for the financial period		14,020	(6,010)	58,136	(4,386)
Total comprehensive income/(expense) attributable to:					
Equity holders of the parent		13,584	(5,930)	56,329	(4,047)
Non-controlling interest		357	(225)	1,700	(41)
Total comprehensive income/(expense) for the financial period		13,941	(6,155)	58,029	(4,088)
Earnings per share (sen) :-	25				
(a) Basic*		2.00	(0.84)	8.28	(0.63)
(b) Fully diluted*		1.91	(0.82)	7.90	(0.61)

* Includes the retrospective effect in respect of bonus issue of 629,503,200 ordinary shares listed on 11 January 2022.

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at end of current quarter 31/03/2022 RM'000	(Audited) As at preceding financial year ended 31/03/2021 RM'000
<u>Note</u>		
ASSETS		
Non-current assets		
Property, plant and equipment	40,788	35,724
Right-of-use assests	284	300
Intangible assets	5,060	5,060
Deferred tax assets	3,759	3,736
	49,891	44,820
Current assets		
Inventories	46,491	11,652
Derivative financial assets	272	-
Trade receivables	154,885	19,201
Other receivables	10,655	5,329
Other investment	732	11,572
Cash and cash equivalents	31,226	31,829
	244,261	79,583
TOTAL ASSETS	294,152	124,403
EQUITY AND LIABILITIES		
Share capital	88,215	68,760
Reserves	64,380	8,997
Equity attributable to equity holders of the parent	152,595	77,757
Non-controlling interest	8,200	6,500
Total equity	160,795	84,257
Non-current liabilities		
Borrowings	5,839	6,660
Hire purchase liabilities	3,369	1,405
Lease liabilities	95	164
Deferred tax liability	811	1,319
	10,114	9,548
Current liabilities		
Borrowings	87,716	9,574
Hire purchase liabilities	1,228	669
Lease liabilities	204	149
Current tax liabilities	182	261
Derivative financial liabilities	-	434
Trade payables	22,657	13,184
Other payables	11,256	6,327
	123,243	30,598
TOTAL EQUITY AND LIABILITIES	294,152	124,403
Net assets per share (RM)*	0.22	0.12

Note:

* Net assets per share attributable to shareholders of the Company : Equity attributable to equity holders of the parent /Number of issued shares

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial statements.

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Non Distributable		Distributable		Total RM'000	Non-controlling interest RM'000	Total equity RM'000
	Share Capital RM'000	Share Option Reserve RM'000	Translation Reserve RM'000	Retained Profits RM'000			
<u>12 months ended 31 March 2021</u>							
Balance at 1 April 2020	63,171	990	(1,447)	12,400	75,114	6,541	81,655
Foreign currency translation	-	-	199	-	199	99	298
Share options exercised	5,589	(1,675)	-	-	3,914	-	3,914
Share options forfeited	-	(20)	-	20	-	-	-
Share -based payment transactions	-	2776	-	-	2,776	-	2,776
Loss for the financial year	-	-	-	(4,245)	(4,245)	(141)	(4,386)
Balance at 31 March 2021	68,760	2,071	(1,248)	8,175	77,758	6,499	84,257
<u>12 months ended 31 March 2022</u>							
Balance at 1 April 2021	68,760	2,071	(1,248)	8,174	77,757	6,500	84,257
Foreign currency translation	-	-	(71)	-	(71)	(36)	(107)
Share options exercised	4,024	(946)	-	-	3,078	-	3,078
Issue of ordinary shares	15,431	-	-	-	15,431	-	15,431
Profit for the financial year	-	-	-	56,400	56,400	1,736	58,136
Balance at 31 March 2022	88,215	1,125	(1,319)	64,574	152,595	8,200	160,795

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial statements.

GENETEC TECHNOLOGY BERHAD

Company No.:199701030038 (445537-W)

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) 12 months ended 31/03/2022 RM'000	(Audited) 12 months ended 31/03/2021 RM'000
Operating Activities		
Profit/(Loss) before tax	62,294	(4,825)
Adjustments for:		
Depreciation of property, plant and equipment	3,062	2,486
Depreciation of right-of-use assets	211	209
Gain on disposal of property, plant and equipment	(1)	(38)
Interest costs	1,940	918
Interest income	(36)	(46)
Change in fair value of other investment	(159)	(183)
Equity settled share-based payment transactions	-	2,776
Reversal of impairment loss on trade receivables	-	(129)
Unrealised derivative (gain)/loss	(272)	434
Unrealised foreign exchange gain	(801)	(158)
Write down of inventories	58	56
Operating profit before changes in working capital	66,296	1,500
Changes in working capital		
Inventories	(34,897)	(118)
Prepayments	(336)	(180)
Trade and other receivables	(140,304)	18,522
Trade and other payables	14,399	556
Net cash generated from operating activities	(94,842)	20,280
Income tax paid	(4,769)	(180)
Net cash generated from operating activities	(99,611)	20,100
Investing Activities		
Interest received	36	46
Proceeds from disposal of property, plant and equipment	1	80
Purchase of property, plant and equipment	(8,127)	(3,010)
Uplift/(Placement) of other investment	11,000	(6,000)
Net cash (used in)/generated from investing activities	2,910	(8,884)
Financing Activities		
Proceeds from issuance of shares	18,509	3,914
Net drawdown of bank borrowings	77,731	3,617
Net repayment of term loan	(410)	(1,135)
Net drawdown of hire purchase liabilities	2,524	(648)
Payment of lease liabilities	(209)	(203)
Interest paid	(1,940)	(918)
Net cash (used in)/generated from financing activities	96,205	4,627
Net change in cash and cash equivalents	(496)	15,843
Effect of exchange rate changes	(107)	298
Cash and cash equivalents at beginning of year	31,829	15,688
Cash and cash equivalents at end of period/year	<u>31,226</u>	<u>31,829</u>
Cash and cash equivalent comprise of:-		
Cash and bank balances	<u>31,226</u>	<u>31,829</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE INTERIM FINANCIAL REPORT

The figures have not been audited

1. BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the requirements of the Malaysia Financial Reporting Standard ("MFRS"), MFRS 134: Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market.

The interim financial report should be read in conjunction with the audited financial statements of Genetec Technology Berhad ("Genetec" or the "Company") for the financial year ended 31 March 2021. These explanatory notes attached to the interim financial report provides an explanation of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2021.

The significant accounting policies and methods of computation adopted by Genetec and its subsidiary companies ("Genetec Group " or the "Group") in this interim financial report are consistent with those adopted in the financial statements for the financial year ended 31 March 2021.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

MFRS, interpretation and amendments effective for annual periods beginning on or after 1 April 2021

- Amendments to MFRS 16, *Covid-19 – Related Rent Concessions beyond 30 June 2021*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*

Annual Improvements to MFRS Standards 2018 - 2020:

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
- Amendments to MFRS 9, *Financial Instruments*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases*
- Amendments to MFRS 141, *Agriculture*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*

- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2023 as it is not applicable to the Group and the Company.

The initial application of the abovementioned accounting standards, interpretations or amendments are not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

2. AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

There was no audit qualification on the annual financial statements of the Company and its subsidiaries for the financial year ended 31 March 2021.

3. SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS

The business of the Group is not affected by any significant seasonal or cyclical factors for the current quarter under review.

4. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

During the current quarter under review, there was no item or event, which affected assets, liabilities, equity, net income or cash flows that are unusual by reasons of their nature, size or incidence.

5. MATERIAL CHANGE IN ESTIMATES

There was no material change in the nature and amount of estimates reported that may have a material effect on the results for the current quarter under review.

6. ISSUANCES, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

Saved as disclosed below, there were no issues, cancellation, repurchase, resale or repayments of debt and equity securities for the period ended 31 March 2022.

58,000 new ordinary shares were issued at exercise price of RM1.37 each pursuant to Employees' Share Option Scheme.

7. DIVIDEND PAID

No dividend was paid during the current quarter under review.

8. SEGMENT INFORMATION

Business segment information is not presented as the Group is primarily engaged in one business segment which is designing and building of smart automation systems, customised factory automated equipment and integrated systems from conceptual design, development of prototype to mass replication of equipment.

9. PROPERTY, PLANT AND EQUIPMENT

There was no revaluation on any of the Group's property, plant and equipment during the current quarter under review.

10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM REPORTING PERIOD

There is no material event affecting the Group subsequent to the current quarter under review.

11. CHANGES IN THE COMPOSITION OF THE GROUP

There was no change in the composition of the Group for the current quarter under review.

12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There was no contingent liabilities or contingent assets as at 31 March 2022 and up to the date of this report.

13. CAPITAL COMMITMENTS

	Amount (RM)
Contracted but not provided for - Property, plant and equipment	53 million

On behalf of the Company's Board of Directors, KAF Investment Bank Berhad had on 26 May 2022 announced that Genetec entered into a conditional sale and purchase agreement on 26 May 2022 for the acquisition of a piece of 99-year leasehold land in Bandar Baru Bangi measuring approximately 6.348 hectares together with erected buildings from Utusan Melayu (Malaysia) Berhad (which is currently under creditors' voluntary liquidation) for a total cash consideration of RM53,000,000. The purpose of the acquisition is for additional factory space to cater for the expansion of the Group's manufacturing facilities to accommodate the increase in demand from its existing key customers particularly from the Electric Vehicle and Energy Storage segments.

14. REVIEW OF PERFORMANCE

For the current quarter ended 31 March 2022, the Group recorded a revenue of RM58.7 million, an increase of RM45.6 million or 348.1% as compared to the revenue of RM13.1 million recorded in the corresponding quarter ended 31 March 2021.

The Group recorded a net profit before tax of RM14.8 million for the current quarter under review as compared to a net loss before tax of RM6.6 million recorded in the corresponding quarter ended 31 March 2021. The turnaround was mainly due to higher sales volume, operational efficiency and margin improvement in product mix coupled with the absence of one-off expense of RM2.8 million incurred in the corresponding quarter in respect of share-based payment arising from the granting of share options to eligible Directors and employees.

The Group recorded a revenue of RM223.6 million for the financial year ended 31 March 2022, an increase of RM126.5 million or 130.3% as compared to RM97.1 million recorded for the financial year ended 31 March 2021. The current year under review recorded a profit before tax of RM62.3 million as compared to a loss before tax of RM4.8 million in the preceding

corresponding year. The increase in profit before tax of 1,397.9% or RM67.1 million was mainly due to higher sales volume, operational efficiency and margin improvement in product mix coupled with the absence of one-off expense of RM2.8 million incurred in the preceding corresponding year in respect of share-based payment arising from the granting of share options to eligible Directors and employees.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Revenue of the Group decreased by RM6.6 million or 10.1% to RM58.7 million for the current quarter under review as compared to RM65.3 million recorded in the immediate preceding quarter ended 31 December 2021. The Group recorded a net profit before tax of RM14.8 million as compared to a net profit before tax of RM21.0 million for the immediate preceding quarter mainly due to lower sales volume achieved.

16. PROSPECT

For the year under review, the Group delivered extraordinary results which was primarily driven by strong order books from the Electric Vehicle (EV) and Energy Storage segments. The growth momentum of these segments has never been stronger. In order to cope with the massive orders, ensuring production capacity and stability of material supply became priority of the Group.

Currently, the utilisation of our production capacities is high and we are expanding them step by step to achieve greater economies of scale and production efficiencies. The Group has also gradually increased the number of employees within the assembly lines in light of the level of market demand. Our Group's competitive advantages are deep commitment from our highly talented team and sustainable innovation which has enabled the Group to compete with worldwide competitors hence further expanding its market share.

Given that the current global landscape is focusing on energy savings, reduced emissions and low-carbon footprints, renewable energy vehicles such as EV will continue to become a key player within the ecosystem. On top of that, supportive government policies established by many countries around the world including USA have also facilitated fast development of the EV market.

The Group also continues to take initiatives from time to time to explore business opportunities and cooperate with existing key customers to pursue new business developments with the view to expand the business of the Group beyond its existing dimension.

Moving forward, we expect that there will be more order replenishment from our existing key customers. With our relentless focus on innovation coupled with current business momentum, we are confident that 2023 will be another outstanding year with exciting opportunities ahead.

17. VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

Not applicable as Genetec has not issued any profit forecast or profit guarantee in a public document.

18. TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Period Quarter 31.03.2022 RM'000	Preceding Year Corresponding Quarter 31.03.2021 RM'000	Current Period To- Date 31.03.2022 RM'000	Preceding Year Corresponding Period 31.03.2021 RM'000
Malaysia income tax:				
- current taxation	(818)	551	(4,158)	439

The effective tax rate of the Group for the financial period ended 31 March 2022 was lower than the statutory tax rate due to availability of pioneer status tax incentive.

19. STATUS OF CORPORATE PROPOSAL

i) Private Placement

At the date of this report, the proposed and actual utilisation of RM15,430,626 proceeds raised from the issuance for a total of 4,572,200 new ordinary shares at issue price per placement share of RM3.42 and RM3.33 respectively pursuant to the Private Placement, which was completed on 17 June 2021 are as follows:-

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Available for Utilisation RM'000	Expected Utilisation Time Frame
Working Capital for the Group	15,331	15,381 [^]	-	Within 24 months
Estimated expenses in relation to the Private Placement [^]	100	50	-	Within 1 month
Total	15,431	15,431	-	

[^] The proposed estimated expenses in relation to the Private Placement was RM100,000. The unutilised balance of RM50,000 has been allocated to working capital.

ii) Genetec Technology Berhad ("Genetec" or "the Company") - Memorandum of Understanding ("MOU") between Genetec and Asia Precision Public Company Limited

On 11 January 2022, the Board of Directors of Genetec announced that it had entered into a Memorandum of Understanding ("MOU") with Asia Precision Public Company Limited, a public company incorporated and existing under the laws of Thailand to collaborate and cooperate to jointly develop a factory automation for energy storage system business in Thailand, conduct research and development and technology exchange, and engage in any other business activities as the parties may mutually agree (the "Project").

The MOU provides the Company with a massive opportunity to enlarge its customer base in the energy storage segment as part of the ongoing customer base diversification plan. The potential joint venture will also provide the Company with a strong presence in Thailand to grow this energy storage business segment.

The parties agree to conduct a feasibility study in relation to the Project, including but not limited to the economic feasibility, financial feasibility, technical feasibility and legal feasibility for the most appropriate structure and details of the Project (the "Project Study").

Subject to the parties being satisfied with the results of the Project Study, the parties agree to negotiate in good faith with a view to finalize and execute the Joint Venture Agreement within 1 (one) month after the completion of the Project Study, or such other date as mutually agreed upon among the parties.

There is no material development pertaining to the MOU except that the parties are still in the process of conducting the Project Study.

20. BORROWINGS

Details of the Group's borrowings as at 31 March 2022 are as follows:

Current	RM'000
Unsecured: Hire purchase	1,228
Secured: Term loan	1,598
Trade bills	86,118
	<u>88,944</u>

Non-current	RM'000
Unsecured: Hire purchase	3,369
Secured: Term loan	5,839
	<u>9,208</u>

21. FINANCIAL INSTRUMENTS

Derivatives

As at 31 March 2022, the foreign currency forward contracts which have been entered into by the Group to hedge against foreign trade receivable are as follows:-

Forward Foreign Currency Contracts	Contract Value (RM'000)	Fair Value (RM'000)	Difference (RM'000)
US Dollar - Less than 1 year	69,918	69,646	272

All derivative financial instruments held by the Group will be recognized as assets or liabilities in the balance sheet, and will be classified as financial assets or financial liabilities at fair value through profit and loss. When derivative financial instruments are recognised initially, they are measured at fair value. Any gain or loss from changes in fair value of the derivatives financial instruments will be recognised as profit or loss.

There is no change to the Group's financial risk management policies in managing these derivatives, its related accounting policies and the market risk associated with these derivatives since the last financial year.

22. MATERIAL LITIGATIONS

As at the date of this report, neither the Company nor its subsidiaries is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries and the Board of Directors does not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or its subsidiaries.

23. DIVIDEND PAYABLE

The Board of Directors does not recommend the payment of any interim dividend for the period ending 31 March 2022.

24. DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group as at 31 March 2022 and 31 December 2021 into realised and unrealised profits are as follows:

	As at 31.03.2022 RM'000	As at 31.12.2021 RM'000
Total retained profits of the Group:		
- Realised	52,695	39,902
- Unrealised	4,026	2,818
	<u>56,721</u>	<u>42,720</u>
Consolidation adjustments	7,853	8,228
	<u>64,574</u>	<u>50,948</u>
Total retained profits as per statement of financial position	64,574	50,948

25. EARNINGS PER SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2022 RM' 000	Preceding Year Corresponding Quarter 31.03.2021 RM' 000	Current Year To-date 31.03.2022 RM' 000	Preceding Year Corresponding Period 31.03.2021 RM' 000
Basic earnings per share EPS				
Net Profit/(Loss) attributable to equity holders of the parent	13,627	(5,685)	56,400	(4,245)
Weighted average number of ordinary shares in issue ('000)*	680,882	673,136	680,882	673,136
Basic EPS (sen)	2.00	(0.84)	8.28	(0.63)
Diluted earnings per share EPS				
Net Profit/(Loss) attributable to equity holders of the parent	13,627	(5,685)	56,400	(4,245)
Weighted average number of ordinary shares in issue ('000)*	713,732	696,429	713,732	696,429
Diluted EPS (sen)	1.91	(0.82)	7.90	(0.61)

*Includes the retrospective effect in respect of bonus issue of 629,503,200 ordinary shares listed on 11 January 2022.